



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW**

Order

Order No. 1 issued under Clause 38 (Power to Remove Difficulties) of Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014 in the matter of Base Year.

Whereas the Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014, came into force vide notification dated May 12, 2014. These Regulations shall be applicable for determination of Tariff in all cases covered under these Regulations from April 1, 2015 to March 31, 2020, unless extended by an Order of the Commission. Embarking upon the MYT framework, the Regulation has divided the period of five years (i.e. April 1, 2015 to March 31, 2020) into two periods, the transition period being of two years and the first Control Period being of three year, namely –

- a) Transition period (April 1, 2015 to March 31, 2017)
- b) Control period (April 1, 2017 to March 31, 2020)

The Commission shall continue with the existing Annual Tariff Framework for determination of ARR / Tariff of the Transmission Licensee (i.e. as per Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006) during the transition period. Subsequently in the Control Period, the MYT Regulation would be in force.

Now whereas, Clause 3.1 (7) and Clause 4.12.1 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014 relates to the Base Year. Clause 3.1 (7) provides that "Base Year" means the financial year immediately preceding first year of the Control Period (FY 2017-18 to FY 2019-20) i.e. FY 2016-17 and used for the purposes of these regulations;" and Clause 4.12.1 provides that "The values for the Base Year of the Control Period will be determined based on the audited accounts available, best estimate for the relevant years and other factors considered relevant by the Commission, and after applying the tests for determining the controllable or uncontrollable nature of various items."

And whereas, from above it can be observed that as per the Clause 3.1 (7) the Base Year should be FY 2016-17. However, as per clause 4.12.1, the values for the Base Year of the



Control Period will be determined based on the audited accounts available best estimate for the relevant years and other factors considered relevant by the Commission, and after applying the tests for determining the controllable or uncontrollable nature of various items. It is for sure that the audited accounts for FY 2016-17 cannot be made available at time of filing of the petition (i.e. November 1, 2016) for MYT first control period (i.e. FY 2017-18 to FY 2019-20). The available audited accounts will be for FY 2015-16 and its preceding years. Hence, the 'Base Year' must be taken to be as FY 2015-16 and in case audited accounts of FY 2015-16 are not available, then immediately preceding previous year i.e. FY 2014-15 must be taken as 'Base Year'. This is also in harmony with Clause 12.3 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014, which is as follows:

Quote

12. Procedures relating to making of an application for determination of Tariff

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12.3 *The petition for determination of tariff shall be accompanied by information for the previous years, current year and the ensuing year for each year of the transition period / the entire control period capturing the expected revenues from the tariff and charges including miscellaneous charges along with detailed assumptions, parameters required in annual true-up exercise, etc.*

Provided that the application shall be accompanied where relevant, by a detailed tariff revision proposal showing how such revision would meet the gap, if any, in Aggregate Revenue Requirement for each year of the transition / control period.

Provided further that the information for the previous year shall be based on audited accounts and in case audited accounts for previous year are not available, audited accounts for the immediately preceding previous year should be filed along with un-audited accounts for the previous year.

Unquote

(S. K. Agarwal)
Member

(Desh Deepak Verma)
Chairman

Place: Lucknow

Date: 23th February, 2017